



INTELLIGENCE AND THE NEED FOR READINESS

SPEECH TO THE NATIONAL DEFENSE

EXECUTIVE RESERVE PROGRAM

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SHOREHAM HOTEL

THE MOST CRITICAL DUTY OF INTELLIGENCE IS TO PREVENT OUR NATIONAL LEADERS FROM BEING SURPRISED AND I DON'T MEAN JUST FROM MILITARY ATTACKS. TODAY WE REALIZE THAT ECONOMIC AND POLITICAL CRISES CAN ALSO HAVE DEVASTATING CONSEQUENCES.

ONE OF THE MOST DEVASTATING SURPRISES OF ALL, PEARL HARBOR, PROVIDED THE IMPETUS TO CREATE OUR MODERN AMERICAN INTELLIGENCE COMMUNITY. INTELLIGENCE HAS COME A LONG WAY SINCE 1941. THE NATION'S INTELLIGENCE EFFORT IS FINALLY CENTRALIZED. OUR COLLECTION AND ANALYSIS IS NOW BROADER, MORE CAPABLE AND MUCH MORE TIME-SENSITIVE. THE ENTIRE INTELLIGENCE COMMUNITY IS ABLE TO RESPOND MUCH MORE QUICKLY TO OUR NATIONAL SECURITY NEEDS.

BUT WE STILL HAVE BEEN SURPRISED, AS FOR INSTANCE, BY THE EGYPTIAN CROSSING OF THE SUEZ CANAL IN 1973 AND MORE RECENTLY BY THE RAPIDITY OF THE SHAH'S DECLINE IN IRAN. IN ALL FAIRNESS TO OUR MANY TALENTED INTELLIGENCE OFFICERS, I MUST SAY WE HAVE ALSO CALLED THE SHOTS RIGHT MANY TIMES; BUT



ONE OF THE PARADOXES OF INTELLIGENCE WORK IS THAT OUR
SUCSESSES HAVE TO UNHERALDED.

THE TRUTH IS WE CANNOT GUARANTEE WE WILL NEVER BE
SURPRISED. OUR JOB IS TO MINIMIZE THE ODDS AND WE TRY TO
DO THIS THROUGH BOTH FORMAL AND INFORMAL MEANS.

ON THE MORE FORMAL SIDE, THE HEAD OF CIA'S DIRECTORATE
FOR INTELLIGENCE PRESIDES EACH THURSDAY OVER A WEEKLY WATCH
COMMITTEE MEETING WHERE SENIOR MANAGERS FROM THE INTELLIGENCE
COMMUNITY--FROM DIA, CIA, NSA, AND STATE--MEET TO REVIEW THE
HOT SPOTS AND POSSIBLE EVENTS WE WORRY ABOUT AROUND THE
WORLD. EACH PARTICIPANT EXPLORES THE OTHER AGENCIES'
PERCEPTIONS OF THESE ISSUES. IN THIS FREE-WHEELING FORUM,
THE MEMBERS ARE TASKED TO ASK THE MOST IMPORTANT QUESTION OF
ALL: IS THE INTELLIGENCE COMMUNITY OVERLOOKING ANY PROBLEM
WHICH APPEARS SMALL BUT WHICH, IN FACT, HAS SERIOUS
REPERCUSSIONS FOR U.S. INTERESTS? EACH FRIDAY A WATCH
REPORT IDENTIFYING AND ASSESSING LIKELY DEVELOPMENTS GOES TO
THE PRESIDENT, THE VICE PRESIDENT, THE SECRETARY OF STATE,
THE SECRETARY OF DEFENSE AND THE NATIONAL SECURITY ADVISOR
TO THE PRESIDENT.

MY NATIONAL INTELLIGENCE OFFICERS, WHO REPRESENT THE ENTIRE INTELLIGENCE COMMUNITY ON SPECIFIC GEOGRAPHICAL AREAS OR SPECIAL ISSUES, ALSO HOLD MONTHLY SHIRT-SLEEVE SESSIONS WITH COMMUNITY ANALYSTS AND MANAGERS FOCUSING ON THEIR MORE NARROW CONCERNS. IN THESE FORUMS, A SIMILAR PROCESS OF QUESTIONING AND CHALLENGING ASSUMPTIONS, AND REVIEWING POSSIBLE DEVELOPMENTS AND THEIR IMPLICATIONS, TAKES PLACE.

FINALLY, THE NATIONAL INTELLIGENCE OFFICER FOR WARNING IS THE FOCAL POINT OF ALL COMMUNITY EFFORTS ON WARNING. HE IS A PLACE WHERE PEOPLE WITH UNPOPULAR HYPOTHESES CAN GO TO BE HEARD--A TYPE OF CONSCIENCE FOR THE COMMUNITY. I ALSO TASK HIM TO MAKE SURE THAT OUR COLLECTION SYSTEMS ARE ADEQUATELY SATISFYING OUR WARNING NEEDS; AND THAT OUR ANALYSTS ARE ADEQUATELY TRAINED IN PERTINENT WARNING METHODOLOGIES. HE HAS THE OPTION OF PUTTING TOGETHER AN AD HOC GROUP TO SPECIFICALLY PLAY THE DEVIL'S ADVOCATE, TO PROVIDE ALTERNATIVE PERSPECTIVES ON POTENTIALLY DANGEROUS SITUATIONS OR WHATEVER.

THESE ARE A FEW OF THE INSTITUTIONAL MECHANISMS THAT HELP KEEP THE INTELLIGENCE COMMUNITY FOCUSED ON OUR WARNING RESPONSIBILITIES. THEY AUGMENT OUR ONGOING, MORE INFORMAL EFFORTS TO ENSURE OUR ANALYSIS IS ACCURATE, OBJECTIVE, AND TIMELY.

WE ARE INSERTING, WHEN APPROPRIATE, ALTERNATIVE HYPOTHESES INTO OUR NATIONAL ESTIMATES AND, IN FACT, ALL OUR ANALYTICAL PRODUCTS. WE RECOGNIZE WE STILL HAVE TO GIVE THE POLICYMAKER OUR BEST GUESS BUT WE ARE FORCING EACH ANALYST TO MORE CONSCIENTIOUSLY EXPLORE LESS LIKELY SCENARIOS AND THEIR IMPLICATIONS. THE ODDS MAY BE THAT A PARTICULAR EVENT WILL NOT OCCUR BUT WE ARE MAKING SURE OUR PEOPLE TAKE THE TIME AND SPACE TO SPELL OUT THE CONSEQUENCES IF IT COULD AFFECT OUR NATIONAL INTERESTS. ULTIMATELY, IT IS EACH ANALYST'S RESPONSIBILITY TO PROVIDE WARNING OF EVENTS IN HIS OR HER AREA. AT A VERY BASIC LEVEL, THE QUALITY OF OUR ANALYSTS--THEIR ABILITY TO SIFT THROUGH MOUNTAINS OF FACTS AND EXPERTLY GUIDE COLLECTION SYSTEMS--DETERMINES THE QUALITY OF OUR WARNING CAPABILITIES.

AT CIA, WE HAVE REORGANIZED THE DIRECTORATE RESPONSIBLE FOR ANALYSIS ALONG GEOGRAPHIC LINES TO MAKE THE INTEGRATION OF POLITICAL, ECONOMIC, AND MILITARY INFORMATION EASIER. OBVIOUSLY, YOU RARELY HAVE A PURELY MILITARY, POLITICAL, OR ECONOMIC CRISIS. EVENTS ARE SO INTERWOVEN THAT WARNING INDICATIONS ARE GOING TO BE SPREAD ACROSS THE MORE TRADITIONAL, FUNCTIONAL DISCIPLINES. OUR REORGANIZATION ALONG GEOGRAPHIC LINES HELPS OUR ANALYSTS KEEP AWARE OF INTERCONNECTED EVENTS.

WE ALSO HAVE INCREASED THE NUMBER AND BROADENED THE SCOPE OF OUR NATIONAL ESTIMATES. IN THE 1970s, THE INTELLIGENCE COMMUNITY SUFFERED A 40% DRAWDOWN IN FUNDING AND A 50% SLASH IN PERSONNEL. THESE CUTS SHOWED UP VIVIDLY IN THE NATIONAL ESTIMATES WHICH DWINDLED FROM AN ANNUAL AVERAGE OF 51 IN THE LATE 1960s, DOWN TO 33 IN THE EARLY 1970s, ALL THE WAY TO AN ANNUAL AVERAGE OF 12 FROM 1975 THROUGH 1980. WE CHANGED ALL THAT. DURING 1981 WE DID 38 ESTIMATES AND MORE THAN 60 IN 1982.

WE HAVE INSTITUTED A NEW FAST TRACK SYSTEM THAT CAN PRODUCE NATIONAL ESTIMATES ON ISSUES COMING UP FOR POLICY DECISION VERY QUICKLY. PERHAPS MORE IMPORTANT, WE HAVE TAKEN STEPS TO ASSURE STANDARDS OF INTEGRITY AND OBJECTIVITY, ACCURACY AND INDEPENDENCE, AS WELL AS RELEVANCE AND TIMELINESS TO THE NATIONAL ESTIMATE PROCESS. THE CHIEFS OF THE VARIOUS COMPONENTS OF THE INTELLIGENCE COMMUNITY--DIA, NSA, STATE'S INR, ARMY, NAVY, AIR FORCE, MARINE CORPS, TREASURY, FBI, ENERGY--ALL SIT ON THE NATIONAL FOREIGN INTELLIGENCE BOARD AND FUNCTION AS A BOARD OF ESTIMATES. EACH CHIEF AT THE TABLE IS CHARGED WITH SEEING THAT THE INFORMATION AND THE JUDGMENTS COMING OUT OF HIS ORGANIZATION ARE REFLECTED IN THE ESTIMATE. I'M RESPONSIBLE FOR THE ESTIMATE BUT I CHARGE MYSELF TO SEE THAT ALL SIGNIFICANT AND SUBSTANTIATED JUDGMENTS IN THE COMMUNITY ARE REFLECTED

SO THAT IN POLICY FORMULATION AND DECISIONMAKING THE FULL RANGE OF INTELLIGENCE JUDGMENTS IN THE COMMUNITY IS ON THE TABLE. I BELIEVE THIS PROCESS HAS DONE A GREAT DEAL TO DEVELOP A NEW SPIRIT OF CONSTRUCTIVE COLLABORATION AMONG THE COMPONENT UNITS OF THE INTELLIGENCE COMMUNITY.

PERHAPS MORE IMPORTANT, OUR ESTIMATES NOW COVER NEW AREAS OF CONCERN: INTERNATIONAL TERRORISM, SOVIET ILLEGAL ACQUISITION OF OUR TECHNOLOGY, GLOBAL RESOURCES, AND NUCLEAR PROLIFERATION. FOR RAPIDLY MOVING ISSUES SUCH AS TERRORISM, INSTABILITY AND INSURGENCY, AND TECHNOLOGY TRANSFER, WE HAVE CREATED NEW ANALYTICAL CENTERS. THESE CENTERS TAKE ACUTE PROBLEMS OUT OF THE ROUTINE OF THE ORGANIZATION AND SEPARATE THEM FOR SPECIAL CROSS-CUTTING ATTENTION. IN OUR ANALYTICAL EFFORTS, WE ARE BEGINNING TO APPLY SOME OF THE MORE TRADITIONAL METHODOLOGIES FOR IDENTIFYING MILITARY WARNING SIGNALS TO THE POLITICAL AND ECONOMIC ARENAS. NEW TRAINING COURSES ARE SENSITIZING OUR ANALYSTS TO THE KEY EVENTS LEADING TO A CRISIS THAT SPANS THE POLITICAL, ECONOMIC, AND SOCIAL SPECTRUMS.

FINALLY, THERE IS AN ADDITIONAL BENEFIT TO THE IMPROVED TIMELINESS AND QUALITY OF OUR ANALYSIS AT THE NATIONAL LEVEL. WE ARE NOW BETTER ABLE TO SUPPORT THE MILITARY COMMANDER IN THE FIELD. WE ARE TRYING TO ENSURE HE RECEIVES A BROADER RANGE OF INTELLIGENCE CONCERNING LOCAL

THREATS. AFTER ALL, OUR FORCES STATIONED ABROAD ARE OFTEN THE FIRST TO FEEL THE BACKLASH OF A POLITICAL OR ECONOMIC EMERGENCY OR TERRORIST INCIDENT.

HAVING OUTLINED OUR EFFORTS TO ENSURE ADEQUATE WARNING AND TO KEEP OUR ANALYSIS LIVELY AND VITAL, LET ME JUST BRIEFLY TALK ABOUT OUR KEY INTELLIGENCE PROBLEM--THE SOVIET UNION.

ALTHOUGH WE ARE, AS I MENTIONED, BROADENING OUR INQUIRY INTO NEW AREAS, THE SOVIET UNION IS STILL THE INTELLIGENCE COMMUNITY'S NUMBER ONE PRIORITY; AND HIGH ON EVERYONE'S LIST ARE THE RECENT LEADERSHIP CHANGES. UNLIKE MOST NATIONS, THE SOVIET UNION HAS NO ORGANIZED PROCEDURE FOR SUCCESSION, WHICH MAKES EVALUATING POWER SHIFTS A PARTICULARLY UNCERTAIN BUSINESS.

THIS IS ONLY THE FOURTH TIME IN THE 65 YEARS OF MODERN SOVIET HISTORY THAT SUPREME POWER HAS PASSED FROM ONE LEADER TO ANOTHER, WHICH IN ITSELF IS A REMARKABLE THING. THE SPEED WITH WHICH YURI ANDROPOV ASSUMED POWER SUGGESTS HE HAD A POWERFUL COALITION BEHIND HIM. HIS RISE WAS BACKED BY TWO OF THE STRONGEST AND MOST REPRESSIVE STATE BUREAUCRACIES--THE SECRET POLICE AND THE MILITARY. NO LEADER APPEARS TO BE IN A POSITION TO MOUNT A CHALLENGE TO HIM AS PARTY LEADER

AND HE HAS MOVED QUICKLY TO ESTABLISH HIMSELF AS CHIEF SPOKESMAN ON FOREIGN AFFAIRS, AND HE HAS THE CLOSE BACKING AND A LONG AND INTIMATE ASSOCIATION WITH TWO OF THE MOST INFLUENTIAL FIGURES ON THE POLITBURO, DEFENSE MINISTER USTINOV AND FOREIGN MINISTER GROMYKO.

WE DON'T KNOW WITH MUCH CONFIDENCE WHAT TO EXPECT FROM THIS NEW LEADER. HE GAVE SOME HINTS STRESSING ARMS CONTROL, DEMANDING U.S. CONCESSIONS ON START AND INF, TALKING ANTI-CORRUPTION, AND GIVING EVERY INDICATION OF AN INTEREST THERE AND HOLDING TO THE CURRENT ECONOMIC PLAN OR PERHAPS GIVING NEW EMPHASIS TO CERTAIN ASPECTS OF THAT PLAN.

WHAT A NEW LEADER CAN DO IN THE SOVIET UNION TO CHANGE ITS COURSE IS ANOTHER QUESTION TO WHICH MUCH ATTENTION HAS BEEN GIVEN THESE DAYS. IT DEPENDS ON HIS ABILITY TO KEEP INTACT THE SUPPORT AND THE COALITION THAT PUT HIM IN POWER. HE OWES POLITICAL DEBTS TO GROMYKO AND USTINOV, LEADERS OF INDEPENDENT STATURE WHO HAVE THEIR OWN CONSTITUENCIES AND WHO WILL DEMAND A SHARE OF POWER. THE POLITBURO AS A WHOLE CAN AND ALMOST CERTAINLY WILL DEMAND THAT NO MAJOR DECISION BE MADE WITHOUT ITS APPROVAL.

THE ECONOMIC CHALLENGES WHICH FACE THE SOVIETS ARE INDEED FORMIDABLE. THEIR AGRICULTURE HAS SUFFERED FOUR SUCCESSIVE CROP FAILURES AND THERE IS A GROWING SENSE OF MALAISE OVER THE QUALITY OF LIFE. SOVIET SOCIETY SUFFERS FROM DECLINING HEALTH STANDARDS. IT IS THE ONLY INDUSTRIALIZED NATION WHERE THE LIFE EXPECTANCY FOR MEN IS ACTUALLY DECLINING. ALCOHOL ADDICTION AND CORRUPTION ARE RAMPANT. AT BEST, WE ARE QUITE CONFIDENT THE SOVIET ECONOMY WILL ONLY GROW FROM 1 TO 2 PERCENT PER YEAR FOR THE NEXT SEVERAL YEARS.

THE TASK OF RELIGHTING THE ECONOMY WE EXPECT WILL GET MAJOR ATTENTION. SOME ARGUE THIS REQUIRES FOCUS ON THE CONSUMER SECTOR; OTHERS CLAMOR FOR THE INCREASED INVESTMENT IN HEAVY INDUSTRY. IT APPEARS THAT ANDROPOV'S CLOSEST TIES HAVE BEEN TO THOSE WHO ADVOCATE AND EMPHASIZE A NEED TO MODERNIZE AND STRENGTHEN THE INDUSTRIAL BASE TO DO THE JOB WHICH BOTH THE CONSUMER AND STATE SECURITY WILL NEED OVER THE YEARS AHEAD.

WHILE THERE IS A PROPENSITY FOR A NEW SOVIET LEADER TO ADDRESS CONSUMER PRODUCT SHORTAGES WHEN HE FIRST TAKES COMMAND, OVER THE LONG RUN ANDROPOV WILL PROBABLY FIND IT POLITICALLY NECESSARY TO PLACE A HIGH PRIORITY ON SATISFYING THE MILITARY. SOVIET CENTRALIZED PLANNING VIRTUALLY

GUARANTEES A STEADY FLOW OF RESOURCES TO THE MILITARY AND IT WILL BE HARD TO INTERRUPT AND DIFFICULT IF THEY WANT TO SHIFT GEARS--GEARS WHICH IN OUR VIEW CANNOT BE SHIFTED QUICKLY. CHIEFS OF CIVILIAN MINISTRIES FIND IT DIFFICULT, IF NOT DANGEROUS, TO CHALLENGE THE MILITARY'S PRIORITY. FEW OFFICIALS ARE PRIVY TO THE DETAILS OF DEFENSE PLANS AND BUDGETS, THEREBY PREVENTING A THOROUGH SCRUTINY OF PROGRAMS OR AN OPEN DEBATE ON PRIORITIES. KEY MILITARY DECISIONMAKERS HAVE LONG TENURES. MINISTER OF DEFENSE USTINOV BECAME A DEFENSE INDUSTRIAL MANAGER IN THE 1930'S.

THE UNRPLENTING BUILDUP OF SOVIET FORCES SINCE THE EARLY 1960S HAS BEEN FED AND SUSTAINED BY A GROWING DEFENSE INDUSTRY. THE SOVIET MILITARY-INDUSTRIAL ESTABLISHMENT, WHICH WE ARE NOW ONLY BEGINNING TO MEASURE AND UNDERSTAND IN A SEPARATE CONTEXT, NOW INCLUDES SEVERAL HUNDRED MAJOR R&D FACILITIES AND MAJOR FINAL ASSEMBLY PLANTS AS WELL AS THOUSANDS OF DEFENSE-RELATED R&D AND COMPONENT OR SUPPORT FACILITIES. FLOOR SPACE AT WEAPON PRODUCTION FACILITIES IS EXPANDING MORE RAPIDLY THAN AT ANY TIME SINCE THE MID-1960S.

NOR HAVE WE SEEN ANY EVIDENCE OF A REDUCTION IN SOVIET DEFENSE SPENDING DESPITE DECLINING ECONOMIC GROWTH. ON THE BASIS OF OBSERVED MILITARY ACTIVITY WE EXPECT DEFENSE SPENDING

TO GROW THROUGH 1985 BUT THE RATE OF GROWTH IS UNCERTAIN GIVEN THE CURRENT WEAKNESS OF THE ECONOMY AS A WHOLE.

OVER THE LAST TWO DECADES, THE SOVIETS HAVE DEPLOYED WELL OVER A HUNDRED MAJOR NEW WEAPON SYSTEMS EVERY TEN YEARS AND THERE IS NO EVIDENCE THIS LEVEL OF EFFORT HAS ABATED. IN CONVENTIONAL FORCES, WE FORESEE THE WARSAW PACT CONCENTRATING MORE ON QUALITATIVE THAN ON QUANTITATIVE IMPROVEMENTS IN THE 1980S WITH ADVANCES BEING MADE THROUGH MORE HARD-HITTING WEAPONS AND IMPROVED COMMAND AND CONTROL. NOWHERE ARE THE STAKES HIGHER THAN IN THE EUROPEAN THEATER; BUT THERE MOSCOW DOES FACE SERIOUS PROBLEMS WITH A DECLINING BIRTH RATE AND A GROWING PROPORTION OF POLITICALLY UNRELIABLE NON-SLAVIC TROOPS. RECENT EVENTS IN POLAND AND ELSEWHERE ALSO RAISE THE QUESTION OF THE RELIABILITY OF THEIR FRONT-LINE EAST EUROPEAN FORCES AND THEIR WIDER COMMUNICATIONS.

BEYOND THAT, THE THREAT FROM THE SOVIET UNION IS MUCH BROADER THAN THE DIRECT MILITARY THREAT. PERHAPS THIS THREAT MAY BE THE MORE SERIOUS ONE. THE SOVIETS VIEW THE EAST-WEST RELATIONSHIP AS A TOTAL, ALL-ENCOMPASSING STRUGGLE INVOLVING ECONOMIC, SOCIAL AND IDEOLOGICAL FACTORS WHICH THEY CALL "THE CORRELATION OF FORCES." IN THE LAST SEVEN YEARS, THE SOVIETS HAVE USED A MIX OF TACTICS--POLITICAL, DIPLOMATIC, SUBVERSION, TERRORISM AND INSURGENCY--TO EXPAND THEIR INFLUENCE AND

DESTABILIZE GOVERNMENTS. IT IS A NO-LOSE PROPOSITION BECAUSE THEY CAN STAY HALF-HIDDEN IN THE BACKGROUND. EXPLOITING THIRD WORLD SOCIAL AND ECONOMIC DISCONTENTS GIVES THEM A WEDGE INTO A COUNTRY, A PASE TO FEED THE MALAISE THAT FOSTERS INSURGENCIES AND IN THIS THEY WORK IN CONCERT WITH CUBA, AND TO SOME EXTENT EAST GERMANY, LIBYA, NORTH KOREA, ANGOLA, SOUTH YEMEN, ETHIOPIA AND NICARAGUA.

WHILE CUBA DOES NOT CONSIDER ITSELF A SOVIET SUPROGATE, MOSCOW MOST ASSUREDLY DOES. SOVIET ECONOMIC AID ALONE TO CUBA EXCEEDS \$3 BILLION A YEAR AND THERE CERTAINLY IS MILITARY AID ON TOP OF THIS RUNNING ABOVE HALF A BILLION DOLLARS OVER THE LAST 2-3 YEARS. ALL TOLD WE ESTIMATE THE SOVIETS PROVIDE CUBA IN EXCESS OF \$1 PER DAY FOR EVERY MAN, WOMAN, AND CHILD. THE MAGNITUDE OF THIS AID PROGRAM VIRTUALLY ENSURES CASTRO'S CONTINUED SUPPORT OF MOSCOW-BACKED INSURGENCIES OR INSURGENCIES IN WHICH MOSCOW IS INTERESTED. MOREOVER, IN GENERAL, SOVIET ARMS DELIVERIES TO THE THIRD WORLD HAVE STEADILY INCREASED AND HAVE BECOME AN IMPORTANT PART OF HARD CURRENCY FOR WHICH THE SOVIETS ARE TODAY BREATHING HARD.

EACH OF THE 11 NATIONS AROUND THE WORLD FACED WITH INSURGENCIES BACKED BY ONE OF THESE FORCES HAPPENS TO BE CLOSE TO THE NATURAL RESOURCES OR TO THE SEA LANES ON WHICH THE INDUSTRIAL WORLD DEPENDS OR AT A CHOKE POINT IN THE WORLD

SEA LANES. AS WE KNOW, CENTRAL AMERICA HAS BEEN A PARTICULARLY FERTILE GROUND. THE SANDINISTAS' SUCCESS IN NICARAGUA--WITH HELP FROM CUBA--PROVIDED THE SOVIETS A FOOTHOLD TO EXPAND THEIR LINKS WITH LEFTISTS IN EL SALVADOR, GUATEMALA, AND HONDURAS; AND NOT LONG AGO WE SAW A CUBAN-BACKED GOVERNMENT WIPE OUT THE OPPOSITION BY INSTANT EXECUTIONS IN SURINAM.

ALL OF THIS FURTHERS A BASIC AIM TO UNDERMINE U.S. INFLUENCE AND TO DEVELOP A REVOLUTIONARY FERMENT IN OUR BACKYARD THAT WILL DIVERT OUR ATTENTION AND RESOURCES FROM MORE DISTANT PROBLEMS, PERHAPS CAUSE DIVISIONS BETWEEN THE U.S. AND ITS ALLIES, AND UNDERCUT OUR CREDIBILITY IN THE THIRD WORLD; AND ONE WOULD HAVE TO SAY THOSE AIMS ARE BEING ACHIEVED TODAY TO AT LEAST A WORRISOME EXTENT.

ANOTHER THREAT IS THE ABILITY OF THE SOVIET UNION, LARGELY THROUGH ITS INTELLIGENCE ARM, THE KGB, TO INSIDIOUSLY INSERT ITS POLICY AIMS INTO THE POLITICAL DIALOGUE IN THE UNITED STATES AND OTHER FOREIGN COUNTRIES. THEY ARE ADEPT AT DOING THIS IN A WAY THAT HIDES THE SOVIET HAND. WE SEE SOVIET AUTHORED OR INSPIRED ARTICLES SURREPTITIOUSLY PLACED IN THE PRESS AROUND THE WORLD, FORGED DOCUMENTS CREATED AND DISTRIBUTED, INTERNATIONAL AND LOCAL COMMUNIST-FRONT ORGANIZATIONS, AND CLANDESTINE RADIO OPERATIONS, ALL EMPLOYED

AGGRESSIVELY TO ERODE TRUST IN THE UNITED STATES AS THE LEADER OF THE FREE WORLD.

NOW THESE SOVIET GOALS ARE DIFFICULT TO COUNTER; IT IS MUCH EASIER TO START AND SUPPORT AN INSURGENCY THAN TO HELP DEFEAT ONE. THE FACT IS THAT IT CAN BE DONE WITH CONCERTED ACTION. TO ME, EL SALVADOR OFFERS THE BEST EXAMPLE. THE SUCCESS OF THE RECENT ELECTIONS THERE IN THE FACE OF A PROCLAIMED INTENT TO MAKE FREE VOTING IMPOSSIBLE WAS IN LARGE MEASURE DUE TO U.S. ACTION TO ASSIST THE EL SALVADORANS WITH FRESH INTELLIGENCE AND IN LEARNING HOW TO BREAK UP GUERRILLA ACTIONS BEFORE THEY COULD MOVE INTO THOSE PROVINCIAL CAPITALS AND STOP THE VOTING. THE RESULT OF THIS WAS THAT THE WORLD'S TELEVISION AUDIENCE SAW FOR THE FIRST TIME, IN A MINUTE'S SWITCH OF THE DIAL, THE VIOLENT BEHAVIOR OF THE GUERRILLAS STOPPING THE VOTING IN ONE LITTLE CITY CONTRASTED BY THE LONG LINES OF EL SALVADORAN CITIZENS WAITING PATIENTLY FOR LONG HOURS IN THE HOT SUN FOR THEIR CHANCE TO VOTE.

SO, TO COMBAT THESE LOW-INTENSITY, LOW-KEY THREATS, WE NEED A SERIES OF CAPABILITIES TO COMBAT FALSE PROPAGANDA AND OTHER SOVIET ACTIVE MEASURES. OUR INTELLIGENCE CAN IDENTIFY FORGERIES AND DISTORTIONS, BUT TO EXPOSE AND REBUT THEM, THE PRIVATE SECTOR OF THE FREE WORLD WILL HAVE TO CARRY MUCH OF THIS LOAD. THIS IS A CHALLENGE FOR EVERYONE WHO BELIEVES IN

THE VALUE OF A FREE AND OPEN SOCIETY AND ONE TO WHICH
GENERALLY THE PRIVATE SECTOR HAS NOT ADEQUATELY RESPONDED.

SO, HOW DOES THE INTELLIGENCE SCOPECARD ON READINESS
LOOK? WE ARE REASONABLY CONFIDENT WE CAN DETECT MAJOR
MILITARY MOVES BY SOVIET AND BLOC COUNTRIES. THIS DOES NOT
MEAN WE CAN BE COMPLACENT SINCE THE SOVIETS AND THE WARSAW
PACT DO CONSIDER DECEPTION AN INTEGRAL PART OF THEIR MILITARY
STRATEGY. OUR CAPABILITIES CONCERNING THE MIDDLE EAST ARE
ALSO GOOD; AND WE HAVE GREATLY IMPROVED OUR ECONOMIC
FORECASTING. OUR STUDIES SUCH AS THOSE ON THE SOVIET AND
CHINESE ECONOMIES HAVE BEEN WELL RECEIVED BOTH WITHIN THE
PUBLIC AND PRIVATE SECTORS.

THE RESOURCE CUTS IN THE 1970S PARTICULARLY HURT OUR
REPORTING ON THIRD WORLD DEVELOPMENTS. IN THE PAST TWO
YEARS, WE HAVE BEEN REBUILDING OUR STRENGTH IN THESE AREAS
BUT WE STILL HAVE A WAY TO GO. FINDING THE RIGHT ANALYTICAL
TALENT ESPECIALLY IN LESS-STUDIED AREAS SUCH AS AFRICAN
AFFAIRS TAKES PATIENCE AND PERSISTENCE.

PREDICTING A FOREIGN LEADER'S INTENTIONS HAS BEEN, AND
INDEED REMAINS, ONE OF OUR MOST DIFFICULT TASKS. UNLESS
YOU HAVE DIRECT ACCESS TO A COUNTRY'S TOP POLICY FORUMS--
WHICH, OF COURSE, WE ARE ALWAYS STRIVING FOR--YOU ARE FORCED

TO TRY TO DIVINE INTENTIONS FROM ACTIONS, A VERY HAZARDOUS PROCESS.

FOR THE FUTURE, NEW COMMUNICATION TECHNOLOGY IS HAVING A BIG IMPACT ON HOW WE DO OUR BUSINESS. COMPUTERS ARE ALLOWING OUR ANALYSTS GREATER AND MORE TIMELY ACCESS TO INFORMATION. OUR GOAL IS TO MINIMIZE THE TIME AN ANALYST SPENDS PROCESSING INFORMATION AND TO MAXIMIZE THE TIME HE OR SHE HAS AVAILABLE TO SIMPLY THINK, TO CONTEMPLATE ALL THE IMPLICATIONS OF EVENTS. WE HAVE MADE A GOOD START IN OUR REBUILDING EFFORTS; WE STILL HAVE A WAYS TO GO. BUT WE ARE COMMITTED. IN THIS COMPLEX WORLD, THE THREATS AND CHALLENGES ARE MANY BUT IF WE ARE PREPARED AND FOREWARNED, WE HAVE WON HALF THE BATTLE.

THANK YOU.